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*(401) 351-4100  
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February 10, 2017

Luly E. Massaro, Clerk  
Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

Re: Block Island Power Company – Procurement Plan and Tariff Filing

Dear Luly:

As you know, this office represents Block Island Power Company (BIPCo).

Enclosed for filing in this matter are an original and nine copies of:

1. Application
2. Testimony of David G. Bebyn, CPA, setting forth BIPCo's proposed procurement plan and BIPCo's proposed revised tariffs, including standard offer and transmission tariffs; and
3. Supporting Testimony of Timothy Hebert.

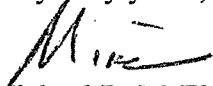
We request that these tariffs become effective on April 1, 2017.

It needs to be emphasized that the cost figures and proposed rates set forth in this filing are initial, preliminary estimates only and subject to change as BIPCo obtains more information.

A draft Notice is also enclosed. Please let me know if you need revisions.

Please add Katherine A. Merolla to the service list as co-counsel for BIPCo for this filing.

Very truly yours,

  
Michael R. McElroy

MRMc:tmg

cc: David G. Bebyn, CPA  
Timothy Hebert  
Nancy Dodge, Esq.  
Jeffrey Wright  
Katherine Merolla, Esq.  
Christy Hetherington, Esq.  
John Bell  
Steven Scialabba  
Cynthia Wilson Frias, Esq.  
New Shoreham Town Clerk, certified mail RRR  
Sara McGinnes  
Michael Daly, Esq.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: BLOCK ISLAND POWER COMPANY : DOCKET No: \_\_\_\_\_

**APPLICATION**

Pursuant to R.I.G.L. § 39-1-1 et seq., the Block Island Power Company hereby applies for authorization and permission to revise its tariffs as shown in the attached testimony of David G. Bebyn, CPA.

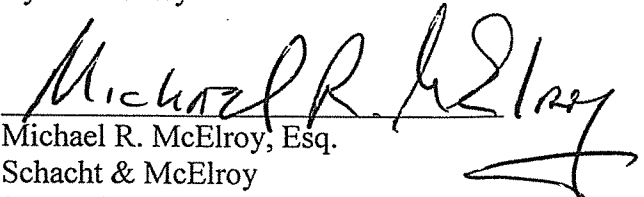
The following is provided pursuant to Rule 1.9 of the Rules of Practice and Procedure (“Rules”):

1. Name of Applicant: The Block Island Power Company, a Rhode Island Corporation.
2. Place of Business: The Company’s administrative offices are located on 100 Ocean Avenue, Block Island.
3. Notices: Correspondence or communications in regard to this Application should be addressed to:

Michael R. McElroy, Esq.  
Schacht & McElroy  
21 Dryden Lane  
P.O. Box 6721  
Providence, RI 02940-6721  
Tel: (401) 351-4100  
Fax: (401) 421-5696  
Email: [Michael@McElroyLawOffice.com](mailto:Michael@McElroyLawOffice.com)

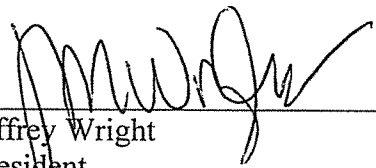
Block Island Power Company  
By its attorney

Date: February 10, 2017

  
Michael R. McElroy, Esq.  
Schacht & McElroy  
21 Dryden Lane  
P.O. Box 6721  
Providence, RI 02940-6721  
Tel: (401) 351-4100  
Fax: (401) 421-5696  
E-mail: [Michael@McElroyLawOffice.com](mailto:Michael@McElroyLawOffice.com)

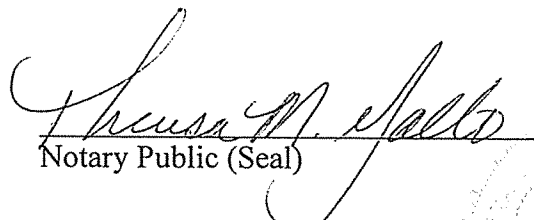
VERIFICATION

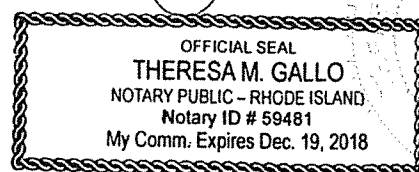
Jeffrey Wright, President of the Block Island Power Company, being first duly sworn, deposes and says that the information presented in this Application is true to the best of his knowledge, information, and belief.

  
Jeffrey Wright  
President

STATE OF RHODE ISLAND  
COUNTY OF PROVIDENCE

Sworn to and subscribed before me this 10<sup>th</sup> day of February, 2017.

  
Notary Public (Seal)



## **NOTICE OF FILING**

The Block Island Power Company (“BIPCo”) hereby gives notice that on February 10, 2016, BIPCo filed with the Rhode Island Public Utilities Commission (the “Commission”) a proposed procurement plan and standard offer and transmission tariffs.

The new tariffs are proposed to take effect on April 1, 2016. However, the Commission can suspend the effective date of the proposed rates up to six months and no rate change will take effect until the Commission has conducted a full investigation on the proposal. The Commission will publish a notice of the hearing dates when they are scheduled. At that time, ratepayers may comment on the proposal.

A copy of the filing is available at the offices of BIPCo’s attorney, Michael R. McElroy, 21 Dryden Lane, P.O. Box 6721, Providence, RI 02940-6721, and at the Public Utilities Commission, 89 Jefferson Boulevard, Warwick, RI 02888, and may be examined by the public during business hours. This notice is given pursuant to the Commission’s Rules of Practice and Procedure.

February 10, 2017

Block Island Power Company

**Direct Testimony**  
**of**  
**David G. Bebyn CPA**  
**Power Procurement Plan, Standard Offer and Transmission Rate Filing**

**Block Island Power Company**  
**Docket No. \_\_\_\_\_**

**February 2017**

1    **Q.     Please state your name and business address for the record.**

2    A.     My name is David G. Bebyn CPA and my business address is 21 Dryden Lane,  
3    Providence, Rhode Island 02904.

4

5    **Q.     By whom are you employed and in what capacity?**

6    A.     I am the President of B&E Consulting LLC. (B&E). B&E is a CPA firm that  
7    specializes in utility regulation, expert rate and accounting testimony, school budget  
8    reviews and accounting services.

9

10   **Q.    What is the purpose of your testimony in this docket?**

11   A.     I was asked by Block Island Power Company (BIPCo) to provide testimony and  
12   schedules in support of BIPCo's proposed Procurement Plan and Standard Offer and  
13   Transmission tariffs.

14

15   **Q.    Can you provide a summary of the BIPCo's current power production/purchase  
16   cost recovery?**

17   A.     BIPCo currently produces all the energy it sells by its own diesel generators. All the  
18   costs associated with the fuel and urea used in generation, shipping and handling costs for  
19   that fuel and urea, and costs associated with backup generator rentals is currently  
20   recovered monthly through a Fuel Adjustment Clause tariff. Now that National Grid's  
21   undersea cable connecting the Island to the mainland electric grid has been installed and  
22   will be operational on or about April 1, 2017, BIPCo will stop using its engines (except  
23   for stand-by/ backup) and will purchase power from the grid. The Fuel Adjustment  
24   Clause will no longer be sufficient to recover the purchase power and associated  
25   transmission costs. Those anticipated costs will need to be recovered through separate  
26   Standard Offer and Transmission tariffs.

27

28   **Q.    Mr. Bebyn, what are the projected power purchase costs BIPCo is seeking to  
29   recover?**

30   A.     Energy New England (ENE), BIPCo's energy procurement consultant, has provided  
31   a summary sheet of the Bulk Power Cost Projections for BIPCo which is included in this

1 testimony as Attachment 1. This summary covers the first 6 months of purchase power  
2 for April 1, 2017 through September 30, 2017. The major items are as follows:

- 3 1. Energy Purchase, which is projected to be \$35.36 per MWH for the 6-month  
4 period.
- 5 2. ISO ancillary charges of \$26,950 for the 6-month period.
- 6 3. ISO Annual fee of \$5,500 (however, this expenditure will occur after September  
7 30, 2017).
- 8 4. The projected Energy New England administrative fee of \$38,949 for the 6-month  
9 period.
- 10 5. ISO Transmission Charges of \$172,619 for the 6-month period.
- 11 6. National Grid Connection Direct Assignment Facilities (DAF) Charge which  
12 covers interconnection facilities and associated equipment. This covers those  
13 interconnection facilities and equipment located in Grid's substation and the line  
14 connecting to BIPCo's substation. This cost is based on an estimated Gross Plant  
15 investment of \$550,000 which is amortized over a 6-year period which is  
16 represented as a 16.68% carrying charge. The charge for the 6-month period is  
17 \$45,870.
- 18 7. National Grid Cable Surcharge which represents the socialized cost to BIPCo for  
19 the construction of the undersea cable. BIPCo's Share percentage was calculated  
20 to be 0.19508%. This cost is based on an estimated Gross Plant investment of  
21 \$75,000,000 which is amortized over a 6-year period which is represented as a  
22 16.68% carrying charge. The charge for the 12-month period is \$12,204.
- 23 8. National Grid Transformer Surcharge which was calculated using BIPCo's  
24 previous year peak of 4,525 kW and a monthly rate of \$0.35/kW. The charge for  
25 the 6-month period is \$9,503.
- 26 9. National Grid Meter Surcharge was calculated at a monthly rate of \$74.41. The  
27 charge for the 6-month period is \$446.
- 28 10. National Grid Rolled in Distribution Surcharge was calculated using BIPCo's  
29 previous year peak of 4,525 kW and a monthly rate of \$2.77/kW. The charge for  
30 the 6-month period is \$75,206.



1 11. National Grid Pooled Transmission Facilities (PTF), Non-PTF and load Dispatch  
2 charges were calculated at a monthly rate of \$1,141. The charge for the 6-month  
3 period is \$6,843.  
4

5 **Q. Mr. Bebyn, are there any other costs BIPCo is seeking to recover?**

6 A. Yes. Pursuant to the R.I. General Laws 39-26-1-7(g) of the Town of New Shoreham  
7 Project, BIPCo has incurred costs related to its substation which were necessary as part of  
8 the interconnection. These costs include the cost of a circuit breaker, switches, poles  
9 engineering and contractors. In addition, BIPCo has incurred soft costs related to the  
10 Project such as legal fees and accounting fees, costs associated with researching and  
11 preparing for this and other related filings, and costs of various planning sessions with the  
12 Commission and Division. The breakdown of these costs is presented on Attachment 2.  
13 The interconnection plant costs were amortized over a 6-year period to be consistent with  
14 how the Cable and DAF are recovered in the National Grid Transmission charges.  
15 BIPCo is seeking to recover these costs in rates which will be annually reconciled  
16 through a rate adjustment which will be subject to Commission approval.  
17

18 **Q. Are those “BIPCo” associated interconnection costs part of any other costs**  
19 **BIPCo is seeking to have socialized in its Petition for Declaratory Judgment recently**  
20 **filed with the Commission?**

21 A. Yes. However, at this time National Grid has taken the position that BIPCo is solely  
22 responsible for these costs. Thus, BIPCo has included these costs in this filing. If BIPCo  
23 prevails in getting these costs socialized, then any recovered costs would be credited back  
24 to the ratepayers in the next Standard Offer reconciliation which is expected to be done  
25 after the three months for the first reconciliation. After the first reconciliation BIPCo is  
26 expected to transition to a semi-annual then an annual reconciliation.  
27

28 **Q. How did you calculate your projected Standard Offer and Transmission**  
29 **Charges?**

30 A. I have attached to my testimony Schedule DGB-1. This schedule utilizes the power  
31 purchase costs and associated costs from Attachments 1 & 2 and divides these costs first

1 by .96 to provide for the gross receipts tax. The costs adjusted for gross receipts tax are  
2 then divided by the average electric sales kWh which are presented on Schedule DGB-2.  
3 The average electric sales utilize an average of the kWh sales from April 2015 to  
4 December 2016 while keeping the estimated January 2017, February 2017 and March  
5 2017 at the same level as the prior year.

6  
7 **Q. Mr. Bebyn why did you include the gross receipts tax within the Standard Offer**  
8 **and Transmission Charges?**

9 A. BIPCo does not currently have a separate line item on its bill to charge for the gross  
10 receipts tax. This cost recovery in past filings has been imbedded into each separate rate.  
11 This can best be seen on the worksheet for the Fuel Adjustment Clause Tariff which is  
12 included in this filing. Since the other rates already have this tax included, it would be  
13 difficult for the current billing software to charge gross receipts tax on only the Standard  
14 Offer and Transmission charges.

15  
16 **Q. Did you prepare any other schedules?**

17 A. Yes, I did. I prepared a monthly cashflow projection based upon the proposed rates.  
18 This is presented on Schedule DGB-3. This schedule separately lists the flows for the  
19 Standard Offer and the Transmission charges.

20  
21 **Q. Did you prepare new Tariffs to reflect these two new charges?**

22 A. Yes, I did. I amended the current Residential, General, Demand-Metered General  
23 and Public Authority tariffs to reflect new language that these classes of ratepayers would  
24 be subject to Standard Offer and Transmission charges as reflected on the Transmission  
25 Cost Tariff and Standard Offer Tariff. The language is very similar to what was  
26 previously approved by the Commission for the Pascoag Utility District.

27  
28 **Q. Did you make any other changes to BIPCo's other tariffs?**

29 A. No. BIPCo is maintaining its existing customer service rates, electric charges,  
30 demand and system charges at this time. BIPCo anticipates filing for a full rate case  
31 along with rate design in the fall of 2017. The delay in filing for a full case at this time

1 was due to a major change in the company's ownership in the past few months. The  
2 Town of New Shoreham now owns 2/3 of BIPCo's stock. The Town is moving towards  
3 transferring BIPCo into either a cooperative or a utility district (similar to the Pascoag  
4 Utility District). There are some significant issues involving investigating the pros and  
5 cons of the two options, the handling of selling the stock or the assets, tax issues, issues  
6 related to the minority owner (who filed a law suit against the Town and the Board of  
7 Directors seeking to rescind the stock purchase) and passage of legislation authorizing  
8 creation of the new entity. This new entity will have a major impact on how costs are  
9 recovered and how rates may be designed.

10  
11 **Q. Mr. Bebyn will there still be a need for the Fuel Adjustment Clause tariff?**

12 A. Yes. The Fuel Adjustment Clause Tariff needs to be retained for several reasons.  
13 Among these would be to cover the costs of standby/backup generation if the cable  
14 service is interrupted and recovery of the current DSI charge which is embedded as a  
15 surcharge in the Fuel Adjustment Clause.

16  
17 **Q. Please provide some examples of when standby/back up generation may be  
18 necessary?**

19 A. There is always the possibility that some damage could occur to Grid's substation or  
20 to the cable itself. In this event, depending the severity of the damage, it could be hours  
21 or even months before the service would be restored. Another example is a planned  
22 service interruption. For example, we have learned that there is some work National Grid  
23 has to perform to rebury portions of the cable and this will require the cable to be de-  
24 energized for the work to be done.

25  
26 **Q. What are the proposed factors, and what impact will they have on a residential  
27 customer using 500 kilowatt-hours of electricity?**

28 A. The proposed rates are presented in the table below. It should be noted that this is  
29 the first time BIPCo will have these rates so it is not be possible to evaluate with certainty  
30 the individual impact of the proposed Standard Offer and Transmission charges.

31 However, BIPCo in essence is replacing the cost of generating with these purchased

power costs. Because of this, it is possible to evaluate the impact of purchased power vs the power BIPCo used to produce and recover in the Fuel Adjustment Surcharge. The tables below present the three-month average of the Fuel Adjustment Surcharge in the current rate column. Three months (November 2016, December 2016 and January 2017) was used since last summer's rate was inflated with the cost recovery for the emergency engine rentals. The proposed column for June through September Fuel Adjustment only includes the DSI funding of \$0.01. Based on these assumptions, a residential customer using 500 Kilowatt-hours for a given month would currently pay \$149.48 during October through May and \$223.93 during June through September. Under the proposed rates, that customer would see their bill decrease to \$109.61 during October through May which is a decrease of \$39.87 and \$189.06 during June through September which is a decrease of \$34.87. The saving of \$39.87 during October through May and \$34.87 during June through September equals multiplying the total difference in the tables below by 500 Kilowatt-hours.

Factor....Oct-May	Current	Proposed	Difference
Standard Offer	\$0.0000	\$0.0598	\$0.0598
Transmission	0.0000	0.0437	0.0437
Fuel Adjustment	0.1832	0.0000	(0.1832)
TOTAL	\$0.1832	\$0.1035	\$(0.0797)

Factor....June-Sept	Current	Proposed	Difference
Standard Offer	\$0.0000	\$0.0598	\$0.0598
Transmission	0.0000	0.0437	0.0437
Fuel Adjustment	0.1832	0.0100	(0.1732)
TOTAL	\$0.1832	\$0.1135	\$(0.0697)

**Q. Does that conclude your testimony?**

A. Yes.

## Supporting Schedules

Standard Offer & Transmission Cost  
Rate Calculation  
Block Island Power Company

***Schedule DGB-1***

**Standard Offer**

Total Energy Costs	317,332	See Attachment-1
Total Capacity/Other Costs	65,899	See Attachment-1
Total Other Costs	58,249	See Attachment-2
Subtotal	<u>441,480</u>	
Subtotal /.96 to recover 4% Gross Receipts Tax	<u>459,875</u>	

Estimated Sales (MWH) to Customers	7,694	See Schedule DGB-2
Cost per MWH	\$ 59.77	
Cost per KWH	\$ 0.0598	

**Transmission Charges**

Total Transmission Costs	322,691	See Attachment-1
Cost /.96 to recover 4% Gross Receipts Tax	<u>336,136</u>	
Estimated Sales (MWH) to Customers	7,694	See Schedule DGB-2
Cost per MWH	\$ 43.69	
Cost per KWH	\$ 0.0437	

**Total**

Cost per MWH	\$ 103.45
Cost per KWH	\$ 0.1035

Estimated Sales (KWH) to All Customers  
Block Island Power Company

**Schedule DGB-2**

**KWH Reported on monthly Fuel Surcharge filings.**

(A)	
Apr-15	<b>562,072</b>
May-15	821,234
Jun-15	1,232,081
Jul-15	1,772,504
Aug-15	2,015,801
Sep-15	1,232,492
Oct-15	746,208
Nov-15	576,855
Dec-15	604,847
Jan-16	613,383
Feb-16	583,336
Mar-16	634,676

(B)	
Apr-16	<b>624,623</b>
May-16	842,062
Jun-16	1,188,188
Jul-16	1,882,044
Aug-16	1,993,738
Sep-16	1,221,839
Oct-16	789,396
Nov-16	630,014
Dec-16	690,628
Jan-17 est SALY	613,383
Feb-17 est SALY	583,336
Mar-17 est SALY	634,676

Estimated Sales (Two year average by month)

(A)	(B)	(A+B)/2	
562,072	624,623	593,348	Apr-17 est
821,234	842,062	831,648	May-17 est
1,232,081	1,188,188	1,210,135	Jun-17 est
1,772,504	1,882,044	1,827,274	Jul-17 est
2,015,801	1,993,738	2,004,770	Aug-17 est
1,232,492	1,221,839	1,227,166	Sep-17 est
746,208	789,396	767,802	Oct-17 est
576,855	630,014	603,435	Nov-17 est
604,847	690,628	647,738	Dec-17 est
613,383	613,383	613,383	Jan-18 est
583,336	583,336	583,336	Feb-18 est
634,676	634,676	634,676	Mar-18 est
<u>11,478,868</u>	<u>11,693,927</u>	<u>11,544,708</u>	
6 month		7,694,339	
12 month		11,544,708	
18 month		19,239,047	

Forecast Cumulative Over/(Under) Collection-Total  
Block Island Power Company

**Schedule DGB-3**

	Starting Balance	Revenue	Expense	Monthly Change	Cumulative
Apr-17	0	\$ 61,384	\$ 78,188	\$ (16,804)	\$ (16,804)
May-17	\$ (16,804)	\$ 86,037	\$ 99,883	\$ (13,846)	\$ (30,649)
Jun-17	\$ (30,649)	\$ 125,193	\$ 127,954	\$ (2,760)	\$ (33,409)
Jul-17	\$ (33,409)	\$ 189,039	\$ 178,352	\$ 10,687	\$ (22,722)
Aug-17	\$ (22,722)	\$ 207,402	\$ 181,150	\$ 26,252	\$ 3,530
Sep-17	\$ 3,530	\$ 126,955	\$ 130,485	\$ (3,530)	\$ 0
Period Cumulative Over/(Under) Collection				\$ 0	

**Standard Offer - Only**

	Starting Balance	Revenue	Expense	Monthly Change	Cumulative
Apr-17	0	\$ 35,463	\$ 40,179	\$ (4,716)	\$ (4,716)
May-17	\$ (4,716)	\$ 49,706	\$ 53,487	\$ (3,781)	\$ (8,497)
Jun-17	\$ (8,497)	\$ 72,327	\$ 71,694	\$ 633	\$ (7,864)
Jul-17	\$ (7,864)	\$ 109,212	\$ 111,617	\$ (2,405)	\$ (10,268)
Aug-17	\$ (10,268)	\$ 119,821	\$ 110,111	\$ 9,710	\$ (558)
Sep-17	\$ (558)	\$ 73,345	\$ 72,787	\$ 558	\$ 0
Period Cumulative Over/(Under) Collection				\$ 0	

	Forecast KWH	Standard Offer Rate	Standard Offer Revenue	Total Energy Costs	Total Capacity/Other Costs	Total Other Costs	Gross Receipts Tax	Total Expense
Apr-17	593,348	\$ 0.0598	\$ 35,463	\$ 26,611	\$ 7,265	\$ 4,885	\$ 1,419	\$ 40,179
May-17	831,648	\$ 0.0598	\$ 49,706	\$ 36,224	\$ 8,625	\$ 6,649	\$ 1,988	\$ 53,487
Jun-17	1,210,135	\$ 0.0598	\$ 72,327	\$ 49,282	\$ 10,473	\$ 9,046	\$ 2,893	\$ 71,694
Jul-17	1,827,274	\$ 0.0598	\$ 109,212	\$ 78,298	\$ 14,578	\$ 14,372	\$ 4,368	\$ 111,617
Aug-17	2,004,770	\$ 0.0598	\$ 119,821	\$ 76,841	\$ 14,372	\$ 14,105	\$ 4,793	\$ 110,111
Sep-17	1,227,166	\$ 0.0598	\$ 73,345	\$ 50,076	\$ 10,585	\$ 9,192	\$ 2,934	\$ 72,787
	<u>7,694,339</u>		<u>\$ 459,875</u>					<u>\$ 459,875</u>

**Transmission Charges - Only**

	Starting Balance	Revenue	Expense	Monthly Change	Cumulative
Apr-17	0	\$ 25,921	\$ 38,008	\$ (12,087)	\$ (12,087)
May-17	\$ (12,087)	\$ 36,332	\$ 46,396	\$ (10,065)	\$ (22,152)
Jun-17	\$ (22,152)	\$ 52,866	\$ 56,260	\$ (3,394)	\$ (25,546)
Jul-17	\$ (25,546)	\$ 79,827	\$ 66,735	\$ 13,092	\$ (12,454)
Aug-17	\$ (12,454)	\$ 87,581	\$ 71,039	\$ 16,542	\$ 4,088
Sep-17	\$ 4,088	\$ 53,610	\$ 57,698	\$ (4,088)	\$ 0
Period Cumulative Over/(Under) Collection				\$ 0	

	Forecast KWH	Standard Offer Rate	Standard Offer Revenue	Total Energy Costs	Gross Receipts Tax	Total Expense
Apr-17	593,348	\$ 0.0437	\$ 25,921	\$ 36,972	\$ 1,037	\$ 38,008
May-17	831,648	\$ 0.0437	\$ 36,332	\$ 44,943	\$ 1,453	\$ 46,396
Jun-17	1,210,135	\$ 0.0437	\$ 52,866	\$ 54,145	\$ 2,115	\$ 56,260
Jul-17	1,827,274	\$ 0.0437	\$ 79,827	\$ 63,542	\$ 3,193	\$ 66,735
Aug-17	2,004,770	\$ 0.0437	\$ 87,581	\$ 67,536	\$ 3,503	\$ 71,039
Sep-17	1,227,166	\$ 0.0437	\$ 53,610	\$ 55,554	\$ 2,144	\$ 57,698
	<u>7,694,339</u>		<u>\$ 336,136</u>			<u>\$ 336,136</u>



## Attachments

**Forecast Purchase Power Costs  
Block Island Power Company**

**Attachment 1**

**Purchase Power Projections**

	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Totals
Load	753	1,024	1,394	2,214	2,173	1,416	8,974
MWH							-
Bilateral Purchase	753	1,024	1,394	2,214	2,173	1,416	8,974
<b>Total Purchases MWH</b>	<b>753</b>	<b>1,024</b>	<b>1,394</b>	<b>2,214</b>	<b>2,173</b>	<b>1,416</b>	<b>8,974</b>
<b>\$ 35.36</b>							
<b>Energy Costs</b>							
Bilateral Purchase	\$ 26,611	\$ 36,224	\$ 49,282	\$ 78,298	\$ 76,841	\$ 50,076	\$ 317,332
<b>Total Energy Costs</b>	<b>\$ 26,611</b>	<b>\$ 36,224</b>	<b>\$ 49,282</b>	<b>\$ 78,298</b>	<b>\$ 76,841</b>	<b>\$ 50,076</b>	<b>\$ 317,332</b>
<b>Capacity/Other Costs</b>							
ISO FCM Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ISO Ancillary/Schedule Charges	\$ 2,260	\$ 3,076	\$ 4,185	\$ 6,650	\$ 6,526	\$ 4,253	\$ 26,950
ISO Annual Fee							\$ -
Projected ENE Fees	\$ 5,005	\$ 5,549	\$ 6,287	\$ 7,929	\$ 7,846	\$ 6,332	\$ 38,949
<b>Total Capacity/Other Costs</b>	<b>\$ 7,265</b>	<b>\$ 8,625</b>	<b>\$ 10,473</b>	<b>\$ 14,578</b>	<b>\$ 14,372</b>	<b>\$ 10,585</b>	<b>\$ 65,899</b>
<b>Transmission Costs</b>							
ISO Transmission Charges	\$ 11,960	\$ 19,931	\$ 29,133	\$ 38,530	\$ 42,524	\$ 30,542	\$ 172,619
National Grid Connection DAF Charges	\$ 7,645	\$ 7,645	\$ 7,645	\$ 7,645	\$ 7,645	\$ 7,645	\$ 45,870
National Grid Cable Surcharges	\$ 2,034	\$ 2,034	\$ 2,034	\$ 2,034	\$ 2,034	\$ 2,034	\$ 12,204
National Grid Transformer Surcharges	\$ 1,584	\$ 1,584	\$ 1,584	\$ 1,584	\$ 1,584	\$ 1,584	\$ 9,503
National Grid Meter Surcharge	\$ 74	\$ 74	\$ 74	\$ 74	\$ 74	\$ 74	\$ 446
National Grid Rolled in Distribution	\$ 12,534	\$ 12,534	\$ 12,534	\$ 12,534	\$ 12,534	\$ 12,534	\$ 75,206
National Grid PTF, Non-PTF and Load							
Dispatch Charges	\$ 1,141	\$ 1,141	\$ 1,141	\$ 1,141	\$ 1,141	\$ 1,141	\$ 6,843
<b>Total Transmission Costs</b>	<b>\$ 36,972</b>	<b>\$ 44,943</b>	<b>\$ 54,145</b>	<b>\$ 63,542</b>	<b>\$ 67,536</b>	<b>\$ 55,554</b>	<b>\$ 322,691</b>
<b>Total All-In Costs</b>	<b>\$ 70,848</b>	<b>\$ 89,792</b>	<b>\$ 113,899</b>	<b>\$ 156,418</b>	<b>\$ 158,749</b>	<b>\$ 116,215</b>	<b>\$ 705,922</b>
\$/MWH	\$ 119.40	\$ 107.97	\$ 94.12	\$ 85.60	\$ 79.19	\$ 94.70	\$ 91.75
\$/KWH	\$ 0.11940	\$ 0.10797	\$ 0.09412	\$ 0.08560	\$ 0.07919	\$ 0.09470	\$ 0.09175

Forecast Other Costs  
Block Island Power Company

**Attachment 2**

		Amortization Period (years)	
<b>Other Costs-BIPCo Interconnection</b>			
Haugland (Electric Construction Contractors)	\$ 125,000		
Contractor-Lodging	\$ 2,700		
Contractor-Transportation	\$ 2,200		
Schneider Circuit Breaker	\$ 45,000		
Poles	\$ 19,000		
Pole Gang Disconnect Switch	\$ 6,000		
Materials (Bipco Inventory)	\$ 43,000		
Engineering & Consulting	\$ 20,800		
<b>Total BIPCO Interconnection</b>	<b>\$ 263,700</b>	<b>6</b>	<b>\$ 43,950</b>
<b>Other Costs-Regulatory Proceedings</b>			
Purchase Power Consultant	\$ 9,851		
Utility Rate Consultant	\$ 7,513		
Legal -Regulatory Attorney	\$ 9,289		
<b>Total Other Costs-Regulatory Filing</b>	<b>\$ 26,652</b>	<b>1</b>	<b>\$ 26,652</b>
<b>Other Costs-Regulatory SOR Filing</b>			
Purchase Power Consultant	\$ 4,000		
Utility Rate Consultant	\$ 9,000		
Legal -Regulatory Attorney	\$ 5,000		
<b>Total Other Costs-Regulatory Filing</b>	<b>\$ 18,000</b>	<b>1</b>	<b>\$ 18,000</b>
<b>Total Other Costs</b>	<b>\$ 308,352</b>		
<b>Amortized Total Other Costs</b>			<b>\$ 88,602</b>

	Load by Month per Attachment		Total Cost by Month	6 month April 17- Sept17
	1	% per month		
Apr-17	753	5.51%	\$ 4,885	\$ 4,885
May-17	1,024	7.50%	\$ 6,649	\$ 6,649
Jun-17	1,394	10.21%	\$ 9,046	\$ 9,046
Jul-17	2,214	16.22%	\$ 14,372	\$ 14,372
Aug-17	2,173	15.92%	\$ 14,105	\$ 14,105
Sep-17	1,416	10.37%	\$ 9,192	\$ 9,192
Oct-17	976	7.15%	\$ 6,337	
Nov-17	755	5.53%	\$ 4,903	
Dec-17	759	5.56%	\$ 4,926	
Jan-18	769	5.64%	\$ 4,994	
Feb-18	686	5.03%	\$ 4,455	
Mar-18	730	5.35%	\$ 4,740	
<b>Totals</b>	<b>13,651</b>	<b>100.00%</b>	<b>\$ 88,602</b>	<b>\$ 58,249</b>

## Proposed Tariffs

**BLOCK ISLAND POWER COMPANY**  
Block Island, Rhode Island

R.I. PUC No. \_\_\_\_\_  
Sheet No. 1  
Canceling R.I. PUC No. 3900  
Effective: April 1, 2017

## **RESIDENTIAL SERVICE**

### **RATE "R"**

#### **AVAILABILITY**

Available only for low voltage service where the use is predominately for residential purposes.

Available in individual residences and in individually metered dwelling units in multifamily dwellings.

Available in churches and adjacent buildings operated in connection therewith.

Available only if Customer takes his entire electric energy requirements from the Company.

Not available if customer makes use of auxiliary generating equipment in lieu of service available from the Company.

Not available for residential premises in which three (3) or more rooms are available for hire.

Not available to any customer whose 15-minute interval metered demand is found to exceed eight (8) kilowatts at any time during the period June 1 through September 30 of any year.

Not available for temporary, auxiliary or emergency service.

Not available to Residential Customers using more than 2,500 kilowatt-hours in any calendar month or more than 20,000 kilowatt-hours in any year. Customers for whom usage in excess of these limits is recorded will be served under the Company's Demand Metered General Service rate schedule, Rate "D".

#### **MONTHLY RATE**

The Monthly rate for service will be the sum of the following four charges for each month:

	For Service During the months of <u>June – September</u>	For Service During the months of <u>October – May</u>
1. Customer Charge	\$12.38 per month	\$12.38 per month
2. System Charge	\$22.51 per month	None
3. Energy Charge	23.99¢ per kWh	9.10¢ per kWh
4. Transmission Charge	As determined in accordance with Rider "TMC"	

BLOCK ISLAND POWER COMPANY  
Block Island, Rhode Island

R.I. PUC No. \_\_\_\_  
Sheet No. 2  
Canceling R.I. PUC No. 3900  
Effective: April 1, 2017

MONTHLY RATE (Continued)

- |    |                        |  |
|----|------------------------|--|
| 5. | Standard Offer Rate    | As determined in accordance with Rider "SOR" |
| 6. | Fuel Adjustment Charge | As determined in accordance with Rider "FAC" |

APPLICATION OF SYSTEM CHARGE

The System Charge will be applied in each summer billing month (June through September) to each customer whose kilowatt-hour (kWh) use in the billing month exceeds two (2) times the customer's Average Kilowatt-Hour Use in the preceding eight (8) winter billing months (October through May). Average Kilowatt-Hour Use for the preceding winter billing months is computed by dividing the aggregate use for each customer during the most recent October - May billing months by eight (8). The denominator of eight (8) is used irrespective of the number of months in which the customer received electric service or for which the customer was billed during that period.

RIDER "TMC" - TRANSMISSION COST

There shall be included a surcharge representative of the transmission cost to this Company. The terms of this surcharge are provided in the transmission cost rider and shall apply to all kilowatt-hours consumed on this rate.

RIDER "SOR" - STANDARD OFFER RATE

For customers that have the Company provide their retail service, there shall be included a surcharge representative of the Standard Offer Rate to this Company. The terms of this surcharge are provided in the Standard Offer tariff and shall apply to all kilowatt-hours consumed on this rate.

RIDER "FAC" - FUEL ADJUSTMENT CHARGE

Charges for fuel costs computed in accordance with the provisions of the Fuel Adjustment Charge Rider "FAC", combined with the other charges under the provisions of this schedule constitute the total charge for service.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "Terms and Conditions" for furnishing electric service.

BLOCK ISLAND POWER COMPANY  
Block Island, Rhode Island

R.I. PUC No. \_\_\_\_  
Sheet No. 1  
Canceling R.I. PUC No. 3900  
Effective: April 1, 2017

## GENERAL SERVICE

### RATE "G"

#### AVAILABILITY

Available for all uses of electric service at secondary voltage levels except where Customer electric devices (or groups of electric devices which start together) have a starting load in excess of 15 KVA.

Available only if Customer takes his entire electric energy requirements from the Company.

Not available if customer makes use of auxiliary generating equipment in lieu of service available from the Company.

Not available for temporary, auxiliary or emergency service.

Not available to customers having metered demands in excess of eight (8.0) kW or energy use for a twelve-month period in excess of 20,000 kWh. Customers for whom usage in excess of these limits is recorded will be served under the Company's Demand Metered General Service rate schedule, Rate "D".

#### MONTHLY RATE

The Monthly rate for service will be the sum of the following four (4) charges for each month:

	For Service During the months of <u>June – September</u>	For Service During the months of <u>October – May</u>
1. Customer Charge	\$12.38 per month	\$12.38 per month
2. System Charge	\$42.20 per month	None
3. Energy Charge	26.52¢ per kWh	12.05¢ per kWh
4. Transmission Charge	As determined in accordance with Rider "TMC"	
5. Standard Offer Rate	As determined in accordance with Rider "SOR"	
6. Fuel Adjustment Charge	As determined in accordance with Rider "FAC"	

BLOCK ISLAND POWER COMPANY

Block Island, Rhode Island

R.I. PUC No. \_\_\_\_\_

Sheet No. 2

Canceling R.I. PUC No. 3900

Effective: April 1, 2017

APPLICATION OF SYSTEM CHARGE

The System Charge will be applied in each summer billing month (June through September) to each customer whose kilowatt-hour (kWh) use in the billing month exceeds two (2) times the customer's Average Kilowatt-Hour Use in the preceding eight (8) winter billing months (October through May). Average Kilowatt-Hour Use for the preceding winter billing months is computed by dividing the aggregate use for each customer during the most recent October – May billing months by eight (8). The denominator of eight (8) is used irrespective of the number of months in which the customer received electric service or for which the customer was billed during that period.

RIDER "TMC" - TRANSMISSION COST

There shall be included a surcharge representative of the transmission cost to this Company. The terms of this surcharge are provided in the transmission cost rider and shall apply to all kilowatt-hours consumed on this rate.

RIDER "SOR" - STANDARD OFFER RATE

For customers that have the Company provide their retail service, there shall be included a surcharge representative of the Standard Offer Rate to this Company. The terms of this surcharge are provided in the Standard Offer tariff and shall apply to all kilowatt-hours consumed on this rate.

RIDER "FAC" – FUEL ADJUSTMENT CHARGE

Charges for fuel costs computed in accordance with the provision of the Fuel Adjustment Charge – Rider "FAC", combined with the other charges under the provisions of this schedule constitute the total charge for service.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "Terms and Conditions" for furnishing electric service.



BLOCK ISLAND POWER COMPANY  
Block Island, Rhode Island

R.I. PUC No. \_\_\_\_\_  
Sheet No. 1  
Canceling R.I. PUC No. 3900  
Effective: April 1, 2017

## DEMAND-METERED GENERAL SERVICE

### RATE "D"

#### AVAILABILITY

Available for all uses of electric service at secondary voltage levels except where Customer electric devices (or groups of electric devices which start together) have a starting load in excess of 15 KVA.

Available for auxiliary or emergency service.

Not available to any customer whose monthly metered demands fail to exceed 4.0 kW for any month within a twenty-four (24) month period.

#### MONTHLY RATE

The Monthly rate for service will be the sum of the following four (4) charges for each month:

		For Service During the months of <u>June – September</u>	For Service During the months of <u>October – May</u>
1.	Customer Charge	\$18.57 per month	\$18.57 per month
2.	Demand Charge	\$19.58 per kW	\$6.53 per kW
3.	Energy Charge	21.85¢ per kWh	10.90¢ per kWh
4.	Transmission Charge	As determined in accordance with Rider "TMC"	
5.	Standard Offer Rate	As determined in accordance with Rider "SOR"	
6.	Fuel Adjustment Charge	As determined in accordance with Rider "FAC"	

BLOCK ISLAND POWER COMPANY

Block Island, Rhode Island

R.I. PUC No. \_\_\_\_\_

Sheet No. 2

Canceling R.I. PUC No. 3900

Effective: April 1, 2017

RIDER "TMC" - TRANSMISSION COST

There shall be included a surcharge representative of the transmission cost to this Company. The terms of this surcharge are provided in the transmission cost rider and shall apply to all kilowatt-hours consumed on this rate.

RIDER "SOR" - STANDARD OFFER RATE

For customers that have the Company provide their retail service, there shall be included a surcharge representative of the Standard Offer Rate to this Company. The terms of this surcharge are provided in the Standard Offer tariff and shall apply to all kilowatt-hours consumed on this rate.

RIDER "FAC" - FUEL ADJUSTMENT CHARGE

Charges for fuel costs computed in accordance with the provisions of the Fuel Adjustment Charge – Rider "FAC", combined with the other charges under the provisions of this schedule constitute the total charge for service.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "Terms and Conditions" for furnishing electric service.

## PUBLIC AUTHORITY SERVICE

### RATE "P"

#### AVAILABILITY

Available for uses of electric service by a Public Authority Customer at secondary voltage levels except where Customer electric devices (or groups of electric devices which start together) have a starting load in excess of 15 KVA.

Available only if Customer takes his entire electric energy requirements from the Company.

Available only for metered service.

Not available if customer makes use of auxiliary generating equipment in lieu of service available from the Company.

Not available for temporary, auxiliary or emergency service.

#### MONTHLY RATE

The Monthly rate for service will be the sum of the following five (5) charges for each month:

	For Service During the months of <u>June – September</u>	For Service During the months of <u>October – May</u>
1. Customer Charge		
a. Non-Demand	\$12.38 per month	\$12.38 per month
b. Demand Metered	\$18.57 per month	\$18.57 per month
2. Demand Charges	\$18.57 per kW	\$6.19 per kW
3. Energy Charge		
a. Non-Demand	24.25¢ per kWh	12.13¢ per kWh
b. Demand-Metered	19.57¢ per kWh	9.78¢ per kWh
4. System Charge	\$42.20 per month	None
5. Transmission Charge	As determined in accordance with Rider "TMC"	

**BLOCK ISLAND POWER COMPANY**

Block Island, Rhode Island

R.I. PUC No. \_\_\_\_\_

Sheet No. 2

Canceling R.I. PUC No. 3900

Effective: April 1, 2017

**MONTHLY RATE (Continued)**

- |    |                        |  |
|----|------------------------|--|
| 6. | Standard Offer Rate    | As determined in accordance with Rider "SOR" |
| 7. | Fuel Adjustment Charge | As determined in accordance with Rider "FAC" |

**APPLICATION OF SYSTEM CHARGE**

The System Charge will be applied in each summer billing month (June through September) to each Non-Demand customer whose kilowatt-hour (kWh) use in the billing month exceeds two (2) times the customer's Average Kilowatt-Hour Use in the preceding eight (8) winter billing months (October through May). Average Kilowatt-Hour Use for the preceding winter billing months is computed by dividing the aggregate use for each customer during the most recent October - May billing months by eight (8). The denominator of eight (8) is used irrespective of the number of months in which the customer received electric service or for which the customer was billed during that period. The System Charge is not applicable to Demand-Metered customers.

**APPLICATION OF DEMAND CHARGE**

The Demand Charge will be applied to each customer having demand metering installed by, or for, the Company, for whom at least one metered demand in excess of eight (8.0) kW has been recorded within the most recent 24 months. Demand metering equipment will be installed for any customer whose energy use for a consecutive twelve-month period in excess of 20,000 kWh. Customers for whom usage in excess of (8.0) kW during any 15-minute interval exceeds eight kW (8.0) or for whom metered annual kWh use exceeds 20,000 kWh will be transferred to demand billing status.

**RIDER "TMC" - TRANSMISSION COST**

There shall be included a surcharge representative of the transmission cost to this Company. The terms of this surcharge are provided in the transmission cost rider and shall apply to all kilowatt-hours consumed on this rate.

**RIDER "SOR" - STANDARD OFFER RATE**

For customers that have the Company provide their retail service, there shall be included a surcharge representative of the Standard Offer Rate to this Company. The terms of this surcharge are provided in the Standard Offer tariff and shall apply to all kilowatt-hours consumed on this rate.

**RIDER "FAC" - FUEL ADJUSTMENT CHARGE**

Charges for fuel costs computed in accordance with the provisions of the Fuel Adjustment Charge-Rider "FAC", combined with the other charges under the provisions of this schedule constitute the total charge for service.

**GENERAL TERMS AND CONDITIONS**

This schedule is subject in all respects to the Company's "Terms and Conditions" for furnishing electric service.

**BLOCK ISLAND POWER COMPANY**

Block Island, Rhode Island

R.I. PUC No. \_\_\_\_\_

Sheet No. 1

Effective: April 1, 2017

**STANDARD OFFER RATE RIDER**

**RATE "SOR"**

**STANDARD OFFER RATE**

The Standard Offer is defined as the total costs of purchased power less Transmission Costs. The demand and energy cost of the purchased power is to be recovered in the Standard Offer.

**STANDARD OFFER RATE CALCULATION:**

The per-unit rate of the Standard Offer shall be calculated every six (6) months and submitted to the Rhode Island Public Utilities Commission (Commission) for approval. The calculation of the per-unit rate is as follows:

1. Estimate the total costs of each component of purchased power expense for the upcoming twelve-month period;
2. Allocate the estimated costs to either the Transmission Cost, or Standard Offer in accordance with the definitions of those elements of purchased power. These costs will then be divided by .96 to reflect the cost of gross receipt tax (GRT);
3. Add or deduct any over-collection or under-collection from previously approved rates to ensure the reconciliation of costs; and
4. Divide the allocated costs by the sum of the estimated Company's sales made to the residential, commercial, and industrial classes. The sales to be used are the estimated sales that the Company will service at the Standard Offer during the upcoming six - month period.

**APPROVAL:**

The per-unit rate of the Standard Offer shall be calculated every six (6) months (3 months for the first submission) and submitted to the Rhode Island Public Utilities Commission (Commission) for approval. The rate approved by the Commission shall remain in effect until the Commission approves a new rate.

**GENERAL TERMS AND CONDITIONS**

This schedule is subject in all respects to the Company's "Terms and Conditions" for furnishing electric service.

**BLOCK ISLAND POWER COMPANY**

Block Island, Rhode Island

R.I. PUC No. \_\_\_\_\_

Sheet No. 1

Effective: April 1, 2017

**TRANSMISSION COST RIDER**

**RATE "TMC"**

**TRANSMISSION COST RATE**

Transmission Costs are defined by the local service agreement between the parties of New England Power Company (d/b/a National Grid), Block Island Power Company and ISO New England Inc under ISO New England Inc. FERC Electric Tariff No.3 (first revised service agreement No. TSA-NEP-83). The Transmission Costs include any and all other applicable charges in accordance with the rates, terms and conditions of Schedule 21-NEP of the Tariff, including, without limitation, Monthly demand charges with PTF and non-PTF components

- Transformer surcharge
- Rolled-In Distribution Surcharge
- Direct Assignment Facilities Charge for interconnection facilities
- Meter Surcharge
- Network load dispatch surcharge
- Block Island Transmission System Surcharge

The demand and energy cost of the purchased power is to be recovered in the Standard Offer.

**TRANSMISSION RATE CALCULATION:**

The per-unit rate of the Transmission cost along with the Standard Offer shall be calculated every six (6) months (3 months for the first submission) and submitted to the Rhode Island Public Utilities Commission (Commission) for approval. The calculation of the per-unit rate is as follows:

1. Estimate the total costs of each component of purchased power expense for the upcoming twelve-month period;
2. Allocate the estimated costs to either the Transmission Cost or Standard Offer in accordance with the definitions of those elements of purchased power. These costs will then be divided by .96 to reflect the cost of gross receipt tax (GRT);
3. Add or deduct any over-collection or under-collection from previously approved rates to ensure the reconciliation of costs; and
4. Divide the allocated costs by the sum of the estimated Company's sales made to the residential, commercial, and industrial classes. The sales to be used are the estimated sales that the Company will service at the Standard Offer during the upcoming six-month period.

BLOCK ISLAND POWER COMPANY

Block Island, Rhode Island

R.I. PUC No. \_\_\_\_\_

Sheet No. 2

Effective: April 1, 2017

APPROVAL:

The per-unit rate of the Standard Offer shall be calculated every six (6) months (3 months for the first submission) and submitted to the Rhode Island Public Utilities Commission (Commission) for approval. The rate approved by the Commission shall remain in effect until the Commission approves a new rate.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "Terms and Conditions" for furnishing electric service.

**BLOCK ISLAND POWER COMPANY**  
Block Island, Rhode Island

R.I. PUC No. \_\_\_\_  
Sheet No. 1  
Canceling R.I. PUC No. 4606  
Effective: April 1, 2017

## **FUEL ADJUSTMENT CLAUSE RIDER**

### **RATE "FAC"**

#### **FUEL ADJUSTMENT CHARGE**

The fuel adjustment charge will be calculated each month to cover the cost of financing fuel and urea inventories, transportation costs, as well as to cover the cost of fuel and urea usage in the following manner.

##### **FUEL AND UREA FINANCING COST:**

The beginning inventory value (fuel and urea) of the month being calculated will be multiplied times the prime rate (beginning of the month) plus 0.5% then divided by 12 (months) to arrive at the appropriate financing cost. This financing cost will then be divided by .96 to reflect the cost of gross receipt tax (GRT).

##### **FUEL AND UREA USAGE EXPENSE:**

The total number of gallons used of fuel for the month being calculated will be multiplied times the "weighted" cost of the fuel used and the related transportation cost (i.e. ferry, truck, driver, etc.) required for delivering the fuel to the Island. This calculated fuel cost will then be divided by .96 to provide for GRT.

The same calculation will be completed for the urea usage costs. The total number of gallons used of urea for the month being calculated will be multiplied times the "weighted" cost of the urea used and the related transportation cost required for delivering the urea to the Island. This calculated urea cost will then be divided by .96 to provide for GRT.

##### **ENGINE RENTAL EXPENSE:**

The total cost for the month to rent auxiliary engines (including any required components such as wiring and transformers) and the related installation and transportation costs (i.e. ferry, truck, driver, etc.) required for transportation of the rental equipment. This calculated engine rental cost will then be divided by .96 to provide for GRT.

##### **DSI FUND:**

There is a surcharge of 1.00¢ per kWh for Distribution System Improvements (DSI), which shall be placed in a restricted account. These funds shall be used for professional fees specifically related to distribution system improvements. In addition, funds not needed for such fees shall be used to make improvements to the distribution system. The funds shall be collected on kWh consumption in June, July, August and September of each year through the fuel surcharge (FAC). This calculated DSI fund will then be divided by .96 to provide for GRT.



BLOCK ISLAND POWER COMPANY

Block Island, Rhode Island

R.I. PUC No. \_\_\_\_

Sheet No. 2

Canceling R.I. PUC No. 4606

Effective: April 1, 2017

FAC FACTOR:

The combined financing cost and usage costs for fuel and urea along with the engine rental costs and DSI funding will then be divided by the kWh sales for the same month to arrive at a FAC factor to be applied to all kWh sales for that month.

APPROVAL:

The FAC factor will be submitted to the Division of Public Utilities and Carriers for review and approval before billing to the customers.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "Terms and Conditions" for furnishing electric service.

## BLOCK ISLAND POWER COMPANY

## FUEL/UREA ADJUSTMENT WORKSHEET

	FUEL	DSI	Funding	Engine Rental	UREA
Calculation for the month of _____					
Financing					
Inventory quantity, beginning					
Value of beginning inventory (a)					
Prime rate <u>  X.XX  </u> plus .5% (b)					
Financing Cost (a) x (b) / 12					
Fuel Expense and Sales:					
Number of gallons used (c)					
Weighted cost per gallon (d)					
Fuel/Urea Expense (c) x (d) / .96 (e1)					
DSI Funding 1.00¢ x (h) / .96 (e2)					
Engine Rental Cost x / .96 (e3)					
Financing cost from above / .96 (f)					
Total Fuel, Urea, Engine & DSI cost (e) + (f) (g)					
Sales for the month (kWh) (h)					
Fuel, Urea, Engine & DSI adj. factor (i)					

TOTAL FAC

0.0000

kwh/gallon fuel

kwh/gallon fuel

kwh/gallon fuel

BLOCK ISLAND POWER COMPANY  
Block Island, Rhode Island

R.I. PUC No. ~~3900~~ \_\_\_\_\_  
Sheet No. 1  
Canceling R.I. PUC No. ~~36553900~~  
Effective: ~~June 1, 2008~~ April 1, 2017

## RESIDENTIAL SERVICE

### RATE "R"

#### AVAILABILITY

Available only for low voltage service where the use is predominately for residential purposes.

Available in individual residences and in individually metered dwelling units in multifamily dwellings.

Available in churches and adjacent buildings operated in connection therewith.

Available only if Customer takes his entire electric energy requirements from the Company.

Not available if customer makes use of auxiliary generating equipment in lieu of service available from the Company.

Not available for residential premises in which three (3) or more rooms are available for hire.

Not available to any customer whose 15-minute interval metered demand is found to exceed eight (8) kilowatts at any time during the period June 1 through September 30 of any year.

Not available for temporary, auxiliary or emergency service.

Not available to Residential Customers using more than 2,500 kilowatt-hours in any calendar month or more than 20,000 kilowatt-hours in any year. Customers for whom usage in excess of these limits is recorded will be served under the Company's Demand Metered General Service rate schedule, Rate "D".

#### MONTHLY RATE

The Monthly rate for service will be the sum of the following four charges for each month:

	For Service During the months of <u>June – September</u>	For Service During the months of <u>October – May</u>
1. Customer Charge	\$12.38 per month	\$12.38 per month
2. System Charge	\$22.51 per month	None
3. Energy Charge	23.99¢ per kWh	9.10¢ per kWh
4. <u>Transmission</u> Charge	As determined in accordance with Rider "TMC"	

BLOCK ISLAND POWER COMPANY

Block Island, Rhode Island

R.I. PUC No. 3900 \_\_\_\_\_

Sheet No. 2

Canceling R.I. PUC No. 36553900

Effective: ~~June 1, 2008~~ April 1, 2017

MONTHLY RATE (Continued)

- |    |                               |   |
|----|-------------------------------|---|
| 5. | <u>Standard Offer Rate</u>    | <u>As determined in accordance with Rider "SOR"</u> |
| 6. | <u>Fuel Adjustment Charge</u> | <u>As determined in accordance with Rider "FAC"</u> |

APPLICATION OF SYSTEM CHARGE

The System Charge will be applied in each summer billing month (June through September) to each customer whose kilowatt-hour (kWh) use in the billing month exceeds two (2) times the customer's Average Kilowatt-Hour Use in the preceding eight (8) winter billing months (October through May). Average Kilowatt-Hour Use for the preceding winter billing months is computed by dividing the aggregate use for each customer during the most recent October - May billing months by eight (8). The denominator of eight (8) is used irrespective of the number of months in which the customer received electric service or for which the customer was billed during that period.

RIDER "TMC" - TRANSMISSION COST

There shall be included a surcharge representative of the transmission cost to this Company. The terms of this surcharge are provided in the transmission cost rider and shall apply to all kilowatt-hours consumed on this rate.

RIDER "SOR" - STANDARD OFFER RATE

For customers that have the Company provide their retail service, there shall be included a surcharge representative of the Standard Offer Rate to this Company. The terms of this surcharge are provided in the Standard Offer tariff and shall apply to all kilowatt-hours consumed on this rate.

RIDER "FAC" - FUEL ADJUSTMENT CHARGE

Charges for fuel costs computed in accordance with the provisions of the Fuel Adjustment Charge Rider "FAC", combined with the other charges under the provisions of this schedule constitute the total charge for service.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "Terms and Conditions" for furnishing electric service.

BLOCK ISLAND POWER COMPANY

Block Island, Rhode Island

R.I. PUC No. ~~3900~~ \_\_\_\_\_

Sheet No. 1

Canceling R.I. PUC No. ~~36553900~~

Effective: ~~June 1, 2008~~ April 1, 2017

GENERAL SERVICE

RATE "G"

AVAILABILITY

Available for all uses of electric service at secondary voltage levels except where Customer electric devices (or groups of electric devices which start together) have a starting load in excess of 15 KVA.

Available only if Customer takes his entire electric energy requirements from the Company.

Not available if customer makes use of auxiliary generating equipment in lieu of service available from the Company.

Not available for temporary, auxiliary or emergency service.

Not available to customers having metered demands in excess of eight (8.0) kW or energy use for a twelve-month period in excess of 20,000 kWh. Customers for whom usage in excess of these limits is recorded will be served under the Company's Demand Metered General Service rate schedule, Rate "D".

MONTHLY RATE

The Monthly rate for service will be the sum of the following four (4) charges for each month:

	For Service During the months of <u>June – September</u>	For Service During the months of <u>October – May</u>
1. Customer Charge	\$12.38 per month	\$12.38 per month
2. System Charge	\$42.20 per month	None
3. Energy Charge	26.52¢ per kWh	12.05¢ per kWh
4. <u>Transmission Charge</u>	<u>As determined in accordance with Rider "TMC"</u>	
5. <u>Standard Offer Rate</u>	<u>As determined in accordance with Rider "SOR"</u>	
6. Fuel Adjustment Charge	As determined in accordance with Rider "FAC"	

BLOCK ISLAND POWER COMPANY  
Block Island, Rhode Island

R.I. PUC No. ~~3900~~ \_\_\_\_\_  
Sheet No. 2  
Canceling R.I. PUC No. ~~3655~~ 3900  
Effective: ~~June 1, 2008~~ April 1, 2017

## APPLICATION OF SYSTEM CHARGE

The System Charge will be applied in each summer billing month (June through September) to each customer whose kilowatt-hour (kWh) use in the billing month exceeds two (2) times the customer's Average Kilowatt-Hour Use in the preceding eight (8) winter billing months (October through May). Average Kilowatt-Hour Use for the preceding winter billing months is computed by dividing the aggregate use for each customer during the most recent October – May billing months by eight (8). The denominator of eight (8) is used irrespective of the number of months in which the customer received electric service or for which the customer was billed during that period.

## RIDER "TMC" - TRANSMISSION COST

There shall be included a surcharge representative of the transmission cost to this Company. The terms of this surcharge are provided in the transmission cost rider and shall apply to all kilowatt-hours consumed on this rate.

## RIDER "SOR" - STANDARD OFFER RATE

For customers that have the Company provide their retail service, there shall be included a surcharge representative of the Standard Offer Rate to this Company. The terms of this surcharge are provided in the Standard Offer tariff and shall apply to all kilowatt-hours consumed on this rate.

## RIDER "FAC" – FUEL ADJUSTMENT CHARGE

Charges for fuel costs computed in accordance with the provision of the Fuel Adjustment Charge – Rider "FAC", combined with the other charges under the provisions of this schedule constitute the total charge for service.

## GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "Terms and Conditions" for furnishing electric service.

BLOCK ISLAND POWER COMPANY

Block Island, Rhode Island

R.I. PUC No. ~~3900~~\_\_\_\_\_

Sheet No. 1

Canceling R.I. PUC No. ~~36553900~~

Effective: ~~June 1, 2008~~ April 1, 2017

DEMAND-METERED GENERAL SERVICE

RATE "D"

AVAILABILITY

Available for all uses of electric service at secondary voltage levels except where Customer electric devices (or groups of electric devices which start together) have a starting load in excess of 15 KVA.

Available for auxiliary or emergency service.

Not available to any customer whose monthly metered demands fail to exceed 4.0 kW for any month within a twenty-four (24) month period.

MONTHLY RATE

The Monthly rate for service will be the sum of the following four (4) charges for each month:

	For Service During the months of <u>June – September</u>	For Service During the months of <u>October – May</u>
1. Customer Charge	\$18.57 per month	\$18.57 per month
2. Demand Charge	\$19.58 per kW	\$6.53 per kW
3. Energy Charge	21.85¢ per kWh	10.90¢ per kWh
4. <u>Transmission Charge</u>	<u>As determined in accordance with Rider "TMC"</u>	
5. <u>Standard Offer Rate</u>	<u>As determined in accordance with Rider "SOR"</u>	
6. Fuel Adjustment Charge	As determined in accordance with Rider "FAC"	

BLOCK ISLAND POWER COMPANY  
Block Island, Rhode Island

R.I. PUC No. 3900 \_\_\_\_\_  
Sheet No. 2  
Canceling R.I. PUC No. 36553900  
Effective: ~~June 1, 2008~~ April 1, 2017

RIDER "TMC" - TRANSMISSION COST

There shall be included a surcharge representative of the transmission cost to this Company. The terms of this surcharge are provided in the transmission cost rider and shall apply to all kilowatt-hours consumed on this rate.

RIDER "SOR" - STANDARD OFFER RATE

For customers that have the Company provide their retail service, there shall be included a surcharge representative of the Standard Offer Rate to this Company. The terms of this surcharge are provided in the Standard Offer tariff and shall apply to all kilowatt-hours consumed on this rate.

RIDER "FAC" - FUEL ADJUSTMENT CHARGE

Charges for fuel costs computed in accordance with the provisions of the Fuel Adjustment Charge – Rider “FAC”, combined with the other charges under the provisions of this schedule constitute the total charge for service.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's “Terms and Conditions” for furnishing electric service.



BLOCK ISLAND POWER COMPANY

Block Island, Rhode Island

R.I. PUC No. ~~3900~~ \_\_\_\_\_

Sheet No. 1

Canceling R.I. PUC No. ~~3655~~ 3900

Effective: ~~June 1, 2008~~ April 1, 2017

PUBLIC AUTHORITY SERVICE

RATE "P"

AVAILABILITY

Available for uses of electric service by a Public Authority Customer at secondary voltage levels except where Customer electric devices (or groups of electric devices which start together) have a starting load in excess of 15 KVA.

Available only if Customer takes his entire electric energy requirements from the Company.

Available only for metered service.

Not available if customer makes use of auxiliary generating equipment in lieu of service available from the Company.

Not available for temporary, auxiliary or emergency service.

MONTHLY RATE

The Monthly rate for service will be the sum of the following five (5) charges for each month:

	For Service During the months of <u>June – September</u>	For Service During the months of <u>October – May</u>
1. Customer Charge		
a. Non-Demand	\$12.38 per month	\$12.38 per month
b. Demand Metered	\$18.57 per month	\$18.57 per month
2. Demand Charges	\$18.57 per kW	\$6.19 per kW
3. Energy Charge		
a. Non-Demand	24.25¢ per kWh	12.13¢ per kWh
b. Demand-Metered	19.57¢ per kWh	9.78¢ per kWh
4. System Charge	\$42.20 per month	None
5. <u>Transmission Charge</u>	<u>As determined in accordance with Rider "TMC"</u>	

BLOCK ISLAND POWER COMPANY  
Block Island, Rhode Island

R.I. PUC No. ~~3900~~ \_\_\_\_\_  
Sheet No. 2  
Canceling R.I. PUC No. ~~36553900~~  
Effective: ~~June 1, 2008~~ April 1, 2017

#### MONTHLY RATE (Continued)

- |    |                               |   |
|----|-------------------------------|---|
| 6. | <u>Standard Offer Rate</u>    | <u>As determined in accordance with Rider "SOR"</u> |
| 7. | <u>Fuel Adjustment Charge</u> | <u>As determined in accordance with Rider "FAC"</u> |

#### APPLICATION OF SYSTEM CHARGE

The System Charge will be applied in each summer billing month (June through September) to each Non-Demand customer whose kilowatt-hour (kWh) use in the billing month exceeds two (2) times the customer's Average Kilowatt-Hour Use in the preceding eight (8) winter billing months (October through May). Average Kilowatt-Hour Use for the preceding winter billing months is computed by dividing the aggregate use for each customer during the most recent October - May billing months by eight (8). The denominator of eight (8) is used irrespective of the number of months in which the customer received electric service or for which the customer was billed during that period. The System Charge is not applicable to Demand-Metered customers.

#### APPLICATION OF DEMAND CHARGE

The Demand Charge will be applied to each customer having demand metering installed by, or for, the Company, for whom at least one metered demand in excess of eight (8.0) kW has been recorded within the most recent 24 months. Demand metering equipment will be installed for any customer whose energy use for a consecutive twelve-month period in excess of 20,000 kWh. Customers for whom usage in excess of (8.0) kW during any 15-minute interval exceeds eight kW (8.0) or for whom metered annual kWh use exceeds 20,000 kWh will be transferred to demand billing status.

#### RIDER "TMC" - TRANSMISSION COST

There shall be included a surcharge representative of the transmission cost to this Company. The terms of this surcharge are provided in the transmission cost rider and shall apply to all kilowatt-hours consumed on this rate.

#### RIDER "SOR" - STANDARD OFFER RATE

For customers that have the Company provide their retail service, there shall be included a surcharge representative of the Standard Offer Rate to this Company. The terms of this surcharge are provided in the Standard Offer tariff and shall apply to all kilowatt-hours consumed on this rate.

#### RIDER "FAC" - FUEL ADJUSTMENT CHARGE

Charges for fuel costs computed in accordance with the provisions of the Fuel Adjustment Charge-Rider "FAC", combined with the other charges under the provisions of this schedule constitute the total charge for service.

#### GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "Terms and Conditions" for furnishing electric service.

BLOCK ISLAND POWER COMPANY

Block Island, Rhode Island

R.I. PUC No. \_\_\_\_\_

Sheet No. 1

Effective: April 1, 2017

STANDARD OFFER RATE RIDER

RATE "SOR"

STANDARD OFFER RATE

The Standard Offer is defined as the total costs of purchased power less Transmission Costs. The demand and energy cost of the purchased power is to be recovered in the Standard Offer.

STANDARD OFFER RATE CALCULATION:

The per-unit rate of the Standard Offer shall be calculated every six (6) months and submitted to the Rhode Island Public Utilities Commission (Commission) for approval. The calculation of the per-unit rate is as follows:

1. Estimate the total costs of each component of purchased power expense for the upcoming twelve-month period;
2. Allocate the estimated costs to either the Transmission Cost, or Standard Offer in accordance with the definitions of those elements of purchased power. These costs will then be divided by .96 to reflect the cost of gross receipt tax (GRT);
3. Add or deduct any over-collection or under-collection from previously approved rates to ensure the reconciliation of costs; and
4. Divide the allocated costs by the sum of the estimated Company's sales made to the residential, commercial, and industrial classes. The sales to be used are the estimated sales that the Company will service at the Standard Offer during the upcoming six - month period.

APPROVAL:

The per-unit rate of the Standard Offer shall be calculated every six (6) months (3 months for the first submission) and submitted to the Rhode Island Public Utilities Commission (Commission) for approval. The rate approved by the Commission shall remain in effect until the Commission approves a new rate.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "Terms and Conditions" for furnishing electric service.

BLOCK ISLAND POWER COMPANY

Block Island, Rhode Island

R.I. PUC No. \_\_\_\_\_

Sheet No. 1

Effective: April 1, 2017

TRANSMISSION COST RIDER

RATE "TMC"

TRANSMISSION COST RATE

Transmission Costs are defined by the local service agreement between the parties of New England Power Company (d/b/a National Grid), Block Island Power Company and ISO New England Inc under ISO New England Inc. FERC Electric Tariff No.3 (first revised service agreement No. TSA-NEP-83). The Transmission Costs include any and all other applicable charges in accordance with the rates, terms and conditions of Schedule 21-NEP of the Tariff, including, without limitation, Monthly demand charges with PTF and non-PTF components

• Transformer surcharge

• Rolled-In Distribution Surcharge

• Direct Assignment Facilities Charge for interconnection facilities

• Meter Surcharge

• Network load dispatch surcharge

• Block Island Transmission System Surcharge

The demand and energy cost of the purchased power is to be recovered in the Standard Offer.

TRANSMISSION RATE CALCULATION:

The per-unit rate of the Transmission cost along with the Standard Offer shall be calculated every six (6) months (3 months for the first submission) and submitted to the Rhode Island Public Utilities Commission (Commission) for approval. The calculation of the per-unit rate is as follows:

1. Estimate the total costs of each component of purchased power expense for the upcoming twelve-month period;
2. Allocate the estimated costs to either the Transmission Cost or Standard Offer in accordance with the definitions of those elements of purchased power. These costs will then be divided by .96 to reflect the cost of gross receipt tax (GRT);
3. Add or deduct any over-collection or under-collection from previously approved rates to ensure the reconciliation of costs; and
4. Divide the allocated costs by the sum of the estimated Company's sales made to the residential, commercial, and industrial classes. The sales to be used are the estimated sales that the Company will service at the Standard Offer during the upcoming six-month period.

BLOCK ISLAND POWER COMPANY

Block Island, Rhode Island

R.I. PUC No. \_\_\_\_\_

Sheet No. 2

Effective: April 1, 2017

APPROVAL:

The per-unit rate of the Standard Offer shall be calculated every six (6) months (3 months for the first submission) and submitted to the Rhode Island Public Utilities Commission (Commission) for approval. The rate approved by the Commission shall remain in effect until the Commission approves a new rate.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "Terms and Conditions" for furnishing electric service.

**BLOCK ISLAND POWER COMPANY**

Block Island, Rhode Island

R.I. PUC No. 4606\_\_\_\_

Sheet No. 1

Canceling R.I. PUC No. ~~39004606~~

Effective: ~~June 1, 2008~~ April 1, 2017

**FUEL ADJUSTMENT CLAUSE RIDER**

**RATE "FAC"**

**FUEL ADJUSTMENT CHARGE**

The fuel adjustment charge will be calculated each month to cover the cost of financing fuel and urea inventories, transportation costs, as well as to cover the cost of fuel and urea usage in the following manner.

**FUEL AND UREA FINANCING COST:**

The beginning inventory value (fuel and urea) of the month being calculated will be multiplied times the prime rate (beginning of the month) plus 0.5% then divided by 12 (months) to arrive at the appropriate financing cost. This financing cost will then be divided by .96 to reflect the cost of gross receipt tax (GRT).

**FUEL AND UREA USAGE EXPENSE:**

The total number of gallons used of fuel for the month being calculated will be multiplied times the "weighted" cost of the fuel used and the related transportation cost (i.e. ferry, truck, driver, etc.) required for delivering the fuel to the Island. This calculated fuel cost will then be divided by .96 to provide for GRT.

The same calculation will be completed for the urea usage costs. The total number of gallons used of urea for the month being calculated will be multiplied times the "weighted" cost of the urea used and the related transportation cost required for delivering the urea to the Island. This calculated urea cost will then be divided by .96 to provide for GRT.

**ENGINE RENTAL EXPENSE:**

The total cost for the month to rent auxiliary engines (including any required components such as wiring and transformers) and the related installation and transportation costs (i.e. ferry, truck, driver, etc.) required for transportation of the rental equipment. This calculated engine rental cost will then be divided by .96 to provide for GRT.

**DSI FUND:**

There is a surcharge of 1.00¢ per kWh for Distribution System Improvements (DSI), which shall be placed in a restricted account. These funds shall be used for professional fees specifically related to distribution system improvements. In addition, funds not needed for such fees shall be used to make improvements to the distribution system. The funds shall be collected on kWh consumption in June, July, August and September of each year through the fuel surcharge (FAC). This calculated DSI fund will then be divided by .96 to provide for GRT.

BLOCK ISLAND POWER COMPANY  
Block Island, Rhode Island

R.I. PUC No. 4606\_\_\_\_  
Sheet No. 2  
Canceling R.I. PUC No. ~~3900~~4606  
Effective: ~~June 1, 2008~~ April 1, 2017

FAC FACTOR:

The combined financing cost and usage costs for fuel and urea along with the engine rental costs and DSI funding will then be divided by the kWh sales for the same month to arrive at a FAC factor to be applied to all kWh sales for that month.

APPROVAL:

The FAC factor will be submitted to the Division of Public Utilities and Carriers for review and approval before billing to the customers.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "Terms and Conditions" for furnishing electric service.

BLOCK ISLAND POWER COMPANY

FUEL/UREA ADJUSTMENT WORKSHEET

		FUEL	DSI Funding	Engine Rental	UREA
Calculation for the month of _____					
<b>Financing</b>					
Inventory quantity, beginning					
Value of beginning inventory (a)					
Prime rate <u>  X.XX  </u> plus .5% (b)					
Financing Cost (a) x (b) / 12					
<b>Fuel Expense and Sales:</b>					
Number of gallons used (c)					
Weighted cost per gallon (d)					
Fuel/Urea Expense (c) x (d) / .96 (e1)					
DSI Funding 1.00¢ x (h) / .96 (e2)					
Engine Rental Cost x / .96 (e3)					
Financing cost from above / .96 (f)					
Total Fuel, Urea, Engine & DSI cost (e) + (f) (g)					
Sales for the month (kWh) (h)					
Fuel, Urea, Engine & DSI adj. factor (i)					

TOTAL FAC

0.0000

kwh/gallon fuel

kwh/gallon fuel

kwh/gallon fuel



**Direct Testimony  
of  
Timothy J. Hebert  
Power Procurement Plan, Standard Offer and Transmission Rate Filing**

**Block Island Power Company  
Docket No. \_\_\_\_\_**

**February 2017**

1     **Q.     Please state your name and business address for the record.**

2     A.     My name is Timothy J. Hebert and my business address is 100 Foxborough Blvd,  
3     Foxborough, Massachusetts 02035.

4  
5     **Q.     By whom are you employed and what are your qualifications?**

6     A.     I am Executive Vice President at Energy New England. I have worked in the  
7     energy industry for 22 years. I served as Power Supply Planning Engineer for the  
8     Taunton Municipal Lighting Plant in Taunton, Massachusetts for nearly four years.  
9     There, I was responsible for short and longer term energy procurement, developing cost-  
10    based bidding for fossil fueled generating resources, interface with and reporting to the  
11    New England Power Pool, and developing renewable energy projects purchase power  
12    agreements. Since October 1998, I have been employed by Energy New England, serving  
13    in a number of capacities. My positions ranged from Power Market Analyst, to Energy  
14    Operations Manager, and three Vice President positions. In those capacities, I have led  
15    the effort to manage utility power requirements over both short and long term horizons.  
16    In my current capacity, I directly oversee a staff of 7 who manage both utility demand  
17    and supply resources in the New England wholesale marketplace. This includes  
18    administration and management of all involvement with ISO New England, managing  
19    generation assets, and establishing power supply contracts. I represent eighteen public  
20    power entities in the NEPOOL participants and ISO committee process. Under my  
21    direction, we have developed innovative solutions in power contracting from traditional  
22    as well as renewable energy sources. I have provided testimony to electricity market  
23    regulatory bodies in Rhode Island and Vermont, including the Rhode Island Public  
24    Utilities Commission, the Vermont Department of Public Service, and the Vermont  
25    Public Service Board.

26

27    **Q.    What is the purpose of your testimony in this docket?**

28    A.    I was asked by Block Island Power Company (BIPCo) to provide testimony and  
29    Power Portfolio in support of BIPCo's proposed Procurement Plan, Standard Offer and  
30    Transmission rates.

31

1 **Q. Please describe BIPCo's plan to procure competitively priced wholesale power**  
2 **supply beginning in the spring of 2017.**

3 A. BIPCO is working with Energy New England ("ENE") to develop contracts and  
4 relationships with potential suppliers with the expectation of purchasing energy for the  
5 six-month period of approximately April – September 2017. This term is contemplated  
6 due to the current waiver period exempting BIPCo from implementing retail choice on  
7 the island which expires on October 1, 2017. BIPCo is seeking to extend the waiver  
8 period to October 1, 2018. As a result, in addition to the six-month period, ENE has also  
9 developed a 12-month and a 18-month plan. Three master agreement power contracts are  
10 being developed with NextEra Energy Marketing, Public Service Electric and Gas, and  
11 Shell Energy. These are three active and competitive suppliers and will provide BIPCo  
12 access to the wholesale energy market. BIPCo will seek 100% load following energy  
13 supply delivered to either the Massachusetts Hub or the Rhode Island load zone,  
14 depending on pricing and product availability. At minimum, a purchase will be made at  
15 the Massachusetts Hub. If Rhode Island load zone pricing is available and reasonably  
16 priced, that product will be recommended and purchased.

17 ENE is also soliciting contracts longer than 6 months to illustrate the eventual  
18 cost structure that BIPCo will face when power contracting includes winter months where  
19 forward market prices are higher than spring and summer prices. Further, BIPCo will not  
20 be subject to capacity market expenses until June 2018, since those costs are driven by  
21 load connected to the regional wholesale network in the summer of the preceding year.  
22 Since BIPCo was not connected to the regional network in the summer of 2016, it will  
23 enjoy a little over a year of entering the wholesale market without having to pay for  
24 capacity costs.

25 BIPCo has become an ISO New England ("ISO NE") market participant and is  
26 working through alternatives to meet ISO's financial assurance policy requirements.  
27 National Grid is developing the metering domain for BIPCo, which will allow it to meet  
28 its energy, capacity, transmission, and ancillary service requirements in the ISO New  
29 England markets. ENE has been set up as an alternate security administrator to facilitate  
30 nearly all interactions in the ISO NE markets for BIPCo.

31

1 **Q. Mr. Hebert, please discuss the energy contract alternatives BIPCO is**  
2 **considering.**

3 A. As noted earlier in this testimony, ENE has recommended and BIPCo is seeking to  
4 enter a load following contract for the term of approximately April through September  
5 2017. Load following service will reduce BIPCo's market risk since it will purchase the  
6 exact quantity of energy it needs each hour. As a smaller wholesale market participant, it  
7 is challenging for BIPCo to pursue multiple tranches of energy purchases, so it is  
8 bundling all its requirements together as a single purchase. In so doing, subject to  
9 Commission approval, it seeks to do so coincident with generally attractive periods in the  
10 market which reflect the seasonal price cycles of natural gas, which drive energy prices in  
11 New England. Further, energy prices have remained at or near historic lows for a number  
12 of consecutive months, providing BIPCo the opportunity to lock in attractive energy  
13 prices in the 3.5 – 4.3 c/kWh range. These are very competitive rates for load following  
14 service, driven in part by the consumption profile of the island load in total. Relatively  
15 low demand in higher priced winter months' results in a directionally lower energy price  
16 to all ratepayers on the island, relative to loads that do not drop off in winter months.

17 A recent indicative load following energy solicitation resulted in the following  
18 prices for various terms:

6 months	April 2017 – September 2017:	\$35.36 / MWH = 3.536 c/kwh
12 months	April 2017 – March 2018:	\$42.63 / MWH = 4.263 c/kwh
18 months	April 2017 – September 2018:	\$38.79 / MWH = 3.879 c/kwh

19  
20 These quotes illustrate the impact of winter (December – January) prices on any BIPCO  
21 energy purchase, but also the relatively flat forward price curve, allowing historically  
22 attractive prices to be locked in for several years into the future. While those prices  
23 increase the weighted average cost to BIPCo, they do so at rates that are more than 67%  
24 lower than the very high and volatile spot market prices experienced in the December  
25 2013 – March 2014 period. We find these prices to reflect competitive bids by the  
26 suppliers based on our experience purchasing block and load following energy for nearly  
27 twenty utilities throughout New England. Due to BIPCo's load profile, it is able to  
28 purchase load following energy at the price that many utilities pay for block energy. This

1 results in BIPCo being able to achieve greater price certainty at a lower cost than many  
2 comparable entities in the market.

3 At this time, the term under consideration has been limited to the first 6 months  
4 following the in-service date of BIPCo's interconnection to National Grid, in order to  
5 remain consistent with the remaining 6-month waiver from offering retail choice on the  
6 island. However, BIPCo will use other options if the waiver is extended to October 1,  
7 2018 as we have requested. This is important as any standard offer supplier would  
8 include a 'flight risk' adder to the energy pricing, reflecting the risk that some of the load  
9 on the island may choose a competitive supplier. This cost can range between 0.25-0.50  
10 c/kwh for all ratepayers on the island.

11 ENE's recommendation is for BIPCo to purchase 100% load following energy  
12 service. Narragansett Electric's standard offer can incorporate some spot market  
13 purchasing at potential lower prices than what is available via contracts. However, at this  
14 time the major shift from self-production on diesel fuel to meeting load requirements by  
15 participating in the regional wholesale markets brings enormous change to BIPCo.  
16 Therefore, the residual exposure of an open spot market position is not recommended at  
17 this time.

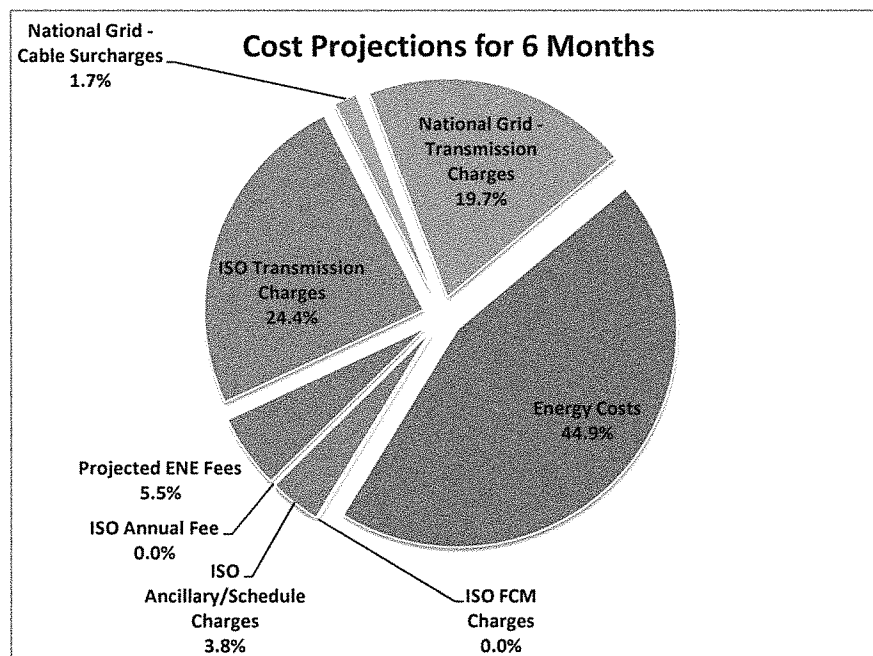
18  
19 **Q. What other power supply costs BIPCO will face when it begins receiving service**  
20 **over its interconnection with National Grid?**

21 A. ENE has provided BIPCo a wholesale power supply cost budget which includes  
22 estimates of energy, capacity, ancillary, transmission, and administrative market  
23 expenses. We have done so for terms coincident with the terms requested for energy  
24 quotes, in order to illustrate the impact of winter energy prices as well as capacity market  
25 costs. Capacity costs will not be incurred until June 2018, but will become significant  
26 over time.

27 The move from self-generation will greatly reduce and nearly eliminate fuel  
28 expenses but for emergencies. While relatively inexpensive energy can be purchased in  
29 the market, BIPCo will now begin paying for all other market participation costs  
30 including capacity, regional transmission, local transmission service supporting the cable,

ancillary market expenses such as reserves, regulation and balancing service, and ISO market administrative expenses.

Prior to that time, BIPCo's power supply expenses are shown on a relative percentage basis in Figure 1 below. In this period, energy costs make up 45% of the total, with transmission accounting for around 46% of those costs.

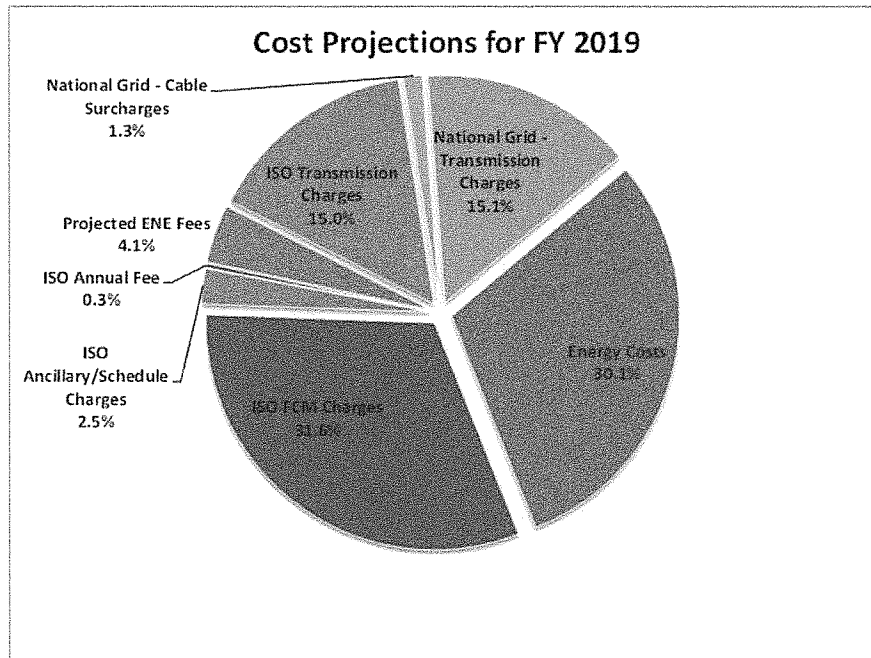


**Figure 1.** BIPCo projected power supply expenses for April 2017 – September 2017.

**Q. Would there be any significant changes after June 2018?**

A. The relative impact of this will change significantly once ISO forward capacity market (FCM) costs begin to be incurred in June 2018. This is shown below in Figure 2. Here, energy costs drop to around 30% of total power supply costs, with transmission costs totaling nearly 33%, and forward capacity market costs at nearly 32%. Due to BIPCo's relatively low load factor, transmission and capacity charges that are billed on a cost per kilowatt of demand convert to relatively high cost per kilowatt hour charges. ENE has provided monthly estimated expenses to BIPCo to help it plan its working

1 capital requirements to balance ISO settlement, which occurs twice weekly, as well as the  
2 monthly settlement for local transmission service and for power supply contracts.



5

6 **Figure 2.** BIPCo projected power supply expenses for FY 2019, June 2018 – May 2019.

7

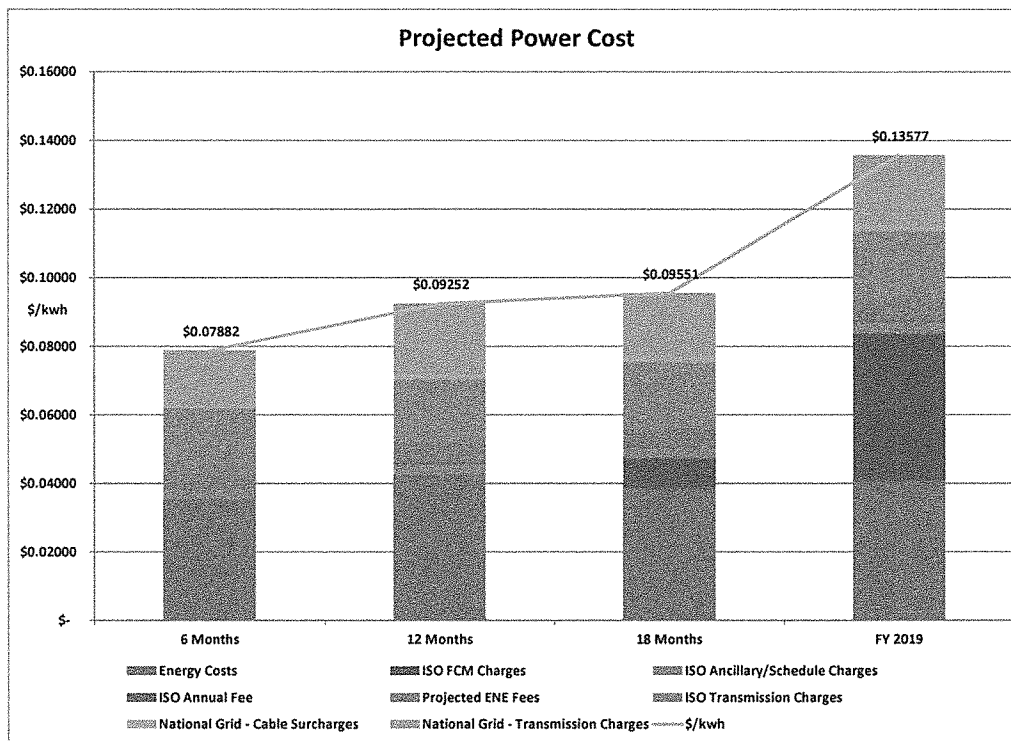
8 **Q. Mr. Hebert, can you provide a comparison of what the costs would be between**  
9 **choosing a 6 month, 12 month or 18 month contract?**

10 A. Yes. Figure 3 below illustrates this impact, moving from a total power supply cost of  
11 just under 8 c/kwh for the first six months to more than 13.5 c/kwh for the 12-month  
12 period beginning in June 2018. Please note that all projections assume retail competition  
13 is not in place on the island.

14

15 When looking at Figure 3, it is important to keep in mind that while generation service or  
16 competitive supply bundles several products together, the real competitive opportunity is  
17 around energy prices. This is due to the fact that transmission costs are not borne by the  
18 competitive supplier, and forward capacity market costs are known out to 4 years in  
19 advance. Thus, by fiscal year ending 2019, energy costs of around 4 c/kwh only comprise

1 around 30% of the power supply cost, with a slightly smaller contribution to the total  
 2 compared with total transmission costs as well as the forward capacity market. Of course,  
 3 the power supply cost does not include BIPCo's distribution, demand, customer and any  
 4 other charges that comprise the total retail bill to its ratepayers.  
 5



6  
 7  
 8 Figure 3. BIPCo projected power supply expenses on a \$/kWh basis for selected terms.  
 9 The 6, 12 and 18 month terms begin April 2017. FY 2019 includes the first full year of  
 10 FCM expenses for the period June 2018 – May 2019. It is only the energy component  
 11 that would be subject to retail competition.  
 12

13 **Q. Does that conclude your testimony?**

14 A. Yes.  
 15